YOU GET OUT WHAT YOU PUT IN

IT’S A TRUISM that the more you put into an activity, the more you are rewarded. That might not always be true with, say, the stock market, at least these days. But it sure counts with IADC. IADC is the only organization that serves the needs of the drilling industry exclusively, and serves an invaluable function to advance our political, regulatory and HSE interests.

We enjoy one of the finest reputations of any trade association. Our insights and special knowledge are respected by regulators and politicians at local, national and global levels—from Austin and Baton Rouge to Washington and Aberdeen, Brussels and Bombay.

This work pays off immensely for our companies, our customers, which translates into safer, more efficient and environmentally benign energy production. That benefits everyone.

Just within the last few weeks, for instance, IADC and its allies went a long way toward defusing an effort by the US Internal Revenue Service to remove a long standing tax exemption on diesel fuel for mobile land rigs. By redefining the definition of a “highway vehicle:”, IRS would effectively have imposed a new fuel levy on trailer-mounted drilling rigs when rigged up at a site, i.e., most of the time. This would have increased costs by $3,000-$5,000 per rig per year. In an era of declining US oil and gas production, such a tax is a significant cost increase to the operator and a disincentive to drill.

Taxing fuel was not enough. The regulation would also have imposed a 12% excise tax on new mobile rigs. That amounts to a big bite for any company looking to replace old trailer rigs with new.

So far, we have achieved a postponement and forced the issue to a public hearing in Washington (23 February). IRS had sought to finesse the change with only written comments.

This is just one example of IADC’s work.

However, for our association to remain strong, reliable and well-respected, we the members must take an active role. Given the consolidated demographics of our industry, this is truer than ever. The contractor membership of IADC is a quarter of its size 20 years ago. The involvement of us survivors is therefore more important than ever.

I ask you to look around your companies to see who is participating in IADC. Encourage younger employees to get involved with IADC, as well. Yes, IADC represents a time commitment. But the time one spends working on IADC projects will pay off for their company, for them personally, and for our entire industry.

It is my honor to serve this year as your chairman. I look forward to visiting with you in the months ahead.